

## **Amendment to Agreement to Convert to a Consulting Agreement**

This amendment to Management Agreement (the "Amendment") dated as of January 12, 2001 is made by and between Family Golf Centers, Inc. (the "Debtor" or "Company") and by its subsidiary(ies), which each filed voluntary petitions for relief under Chapter 11 of Title 11 of the United States Code with the United States Bankruptcy Court for the Southern District of New York on May 4, 2000, or collectively (the "Debtors" or "Companies"), and Zolfo Cooper, LLC (including its affiliates "Zolfo Cooper"), a New Jersey limited liability company.

### **Recitals**

WHEREAS, the parties hereto entered into a Management Agreement (the "Agreement") as of November 6, 2000, pursuant to which Zolfo Cooper agreed to perform certain management services for the Debtors; and

WHEREAS, the parties to the Agreement wish to amend the Agreement in accordance with the terms of this Amendment, effective as of January 12, 2001, for the purpose of a) converting the Agreement into a consulting agreement whereby Zolfo Cooper is retained as an independent Bankruptcy Consultant and Special Financial Advisor to the Debtors and b) disassociating from the Agreement, Philip Gund ("Gund"), the Principal at Zolfo Cooper who was appointed under the Agreement to serve as Chief Executive Officer and Chairman to the Debtors, and who's employment with Zolfo Cooper ceased effective January 12, 2001;

NOW, THEREFORE, in consideration of the promises and covenants set forth herein, and intending to be legally bound hereby, the parties to this Amendment hereby agree as follows:

Section 1 of the Agreement is hereby amended to read in its entirety, as follows:

**ENGAGEMENT.** The Debtors hereby engage Zolfo Cooper to act as an independent Bankruptcy Consultant and Special Financial Advisor to the Debtors, and Zolfo Cooper hereby accepts such engagement, on the terms and conditions set forth in the Agreement, as amended by this Amendment. All references to the term "Manager" in the Agreement shall, upon the effectiveness of the Amendment, be deemed to be references to the term "Zolfo Cooper." The "Amendment" means the Amendment to Agreement to Convert to a Consulting Agreement, dated as of January 12, 2001, between Debtors and Zolfo Cooper.

Section 2 of the Agreement is hereby amended to read in its entirety, as follows:

**DUTIES.** Gund will cease acting as Chief Executive Officer and Chairman of the Debtors under this Management Agreement, as of the close of business on January 11, 2001, and he will not be providing any further services under this Management Agreement after such date, nor will Gund provide any services under this Amendment on behalf of Zolfo Cooper. Robert Sundius "Sundius" will cease acting as Chief Financial Officer of the Debtors as of the close of business on January 11, 2001.

Subject to Bankruptcy Court approval of this Amendment, if required, Sundius, as well as other staff of Zolfo Cooper will provide the following services to the Debtors, to the extent requested by the Debtors:

Provision of advice and assistance to the management of the Debtors in organizing the Debtors' resources so as to effectively and efficiently plan, coordinate and manage the bankruptcy process and communicate with the Debtors' customers, lenders, suppliers, employees, shareholders and other parties in interest;

Assistance to management in designing and implementing programs to permit the Debtors to divest themselves of their assets, including all real and personal property and inventory, and to conclude their operations;

Rendering advice to the Debtors relating to the Official Committees and other constituencies in the Debtors' bankruptcy proceedings, and their professional advisors, including preparing financial and operating information required by such parties and/or the Bankruptcy Court;

Rendering advice and assistance to the Debtors in forecasting, planning, controlling and other aspects of managing cash in their business;

Rendering advice to the Debtors with respect to resolving disputes and otherwise managing the claims process in the bankruptcy proceedings;

As requested by the Debtors, providing expert testimony in the bankruptcy proceedings;

Provision of such other advisory and consulting services as may be requested by the Debtors.

In addition to the services set forth above, Zolfo Cooper will participate, at the request of the Debtors and to the extent appropriate, in meetings and discussions with the Official Committee of Unsecured Creditors and the Unofficial Bank Group in the Debtors' bankruptcy proceedings, and with their respective professional advisors.

The parties hereto acknowledge that Zolfo Cooper's work hereunder will be performed on a "level-of-effort" basis; that is, the depth of Zolfo Cooper's analysis and the extent of its authentication of information on which Zolfo Cooper's advice to the Debtors will be predicated may be limited due to the extent and sufficiency of available information, time constraints dictated by the circumstances of Zolfo Cooper's engagement, and other factors. Zolfo Cooper does not contemplate examining any such information in accordance with generally accepted auditing or attestation standards. It is understood by the parties hereto that, as a general matter, Zolfo Cooper will rely on information disclosed or supplied to Zolfo Cooper by employees and representatives of the Debtors without audit or other detailed verification of the accuracy or validity of such information.

Zolfo Cooper will prepare monthly invoices, including time records reflecting time descriptions of hours expended each day by its personnel in providing services to the Debtors hereunder and a general description of the work performed, and will deliver copies of such monthly invoices to the Debtors, the Official Committee of Unsecured Creditors, the Chase Manhattan Bank ("Chase") and the U.S. Bankruptcy Trustee. Zolfo Cooper will maintain records of the hours expended each day hereunder and a general description of the activities performed. Zolfo Cooper will file fee applications pursuant to the Administrative Orders governing applications for professional compensation in the Debtors' bankruptcy cases and as otherwise required by the Bankruptcy Court.

Section 3 of the Agreement is hereby amended to read in its entirety, as follows:

**TERM.** Zolfo Cooper's engagement pursuant to the terms of this Agreement, as it existed prior to the Amendment, commenced on the date of this Agreement, subject to the obtaining of Bankruptcy Court approval, and terminated on January 11, 2001. Zolfo Cooper's engagement pursuant to this Agreement, as modified by the Amendment, shall commence on January 12, 2001 and shall continue on a month to month basis until terminated by either party hereto at the end of any such month upon written notice to the other party given at least thirty days prior to the end of such month.

Notwithstanding the foregoing, Zolfo Cooper's responsibilities to provide services pursuant to Section 2 hereof, as modified by the Amendment, shall not commence until the Amendment has been approved by the Bankruptcy Court, if such approval is required.

Section 4 of the Agreement is hereby amended to read in its entirety, as follows:

**COMPENSATION.**

Zolfo Cooper's compensation through January 11, 2001, hereunder shall consist of the following:

- 1) The Debtors shall pay the Zolfo Cooper for Gund's services rendered through January 11, 2001 at the amount specified in this Agreement. prior to the Amendment. The prorated amount to be billed for Gund for January 2001 shall be \$29,274 or  $11/31 \times \$82,500$ ;

- 2) The Debtors shall pay Zolfo Cooper for Sundius' services rendered through January 11, 2001 at the amount specified in the Agreement. prior to the Amendment. The prorated amount to be billed for Sundius for January 2001, through January 11, shall be \$23,952 or  $11/31 \times \$67,500$ ;
- 3) The Debtors shall pay Manager for services of other staff and reimbursement of out-of-pocket expenses as previously agreed to under Section 4(c) and (d) of the Agreement.

Zolfo Cooper's compensation effective January 12, 2001, hereunder shall consist of the following:

- 4) Zolfo Cooper will be paid a monthly fee for services rendered on or after January 12, 2001 equal to the lower of (i) \$67,500, or (ii) Sundius' hourly time charges at his standard hourly rate and expenses for the month.
- 5) Fees for other staff of Zolfo Cooper will be based on the actual hours expended at Zolfo Cooper's standard hourly rates which are in effect when the services are rendered. Zolfo Cooper's rates are generally revised semi-annually. All such billings will be in accordance with Zolfo Cooper's customary practices and in accordance with applicable guidelines of the Bankruptcy Court. Services rendered hereunder will be billed at Zolfo Cooper's currently hourly rates as follows:

Principals/Members	\$450 - \$595
Professional Staff	\$125 - \$440
Support Staff	\$75 - \$200

- 6) The Debtors shall reimburse Zolfo Cooper for its reasonable out-of-pocket expenses incurred hereunder, including, but not limited to, costs of travel, reproduction, typing, computer usage, legal counsel (including legal counsel retained to draft and enforce the Agreement and the Amendment), any applicable state sales or exercise tax and other direct expenses.

The Debtors shall pay to Zolfo Cooper the compensation set forth in this Agreement based upon the submission of monthly invoices as set forth in Section 2 of this Agreement. The compensation provided for in this Agreement as amended shall constitute full payment for the services to be rendered by Zolfo Cooper to the Debtors hereunder.

Section 9 of the Agreement is hereby deleted in its entirety, and Zolfo Cooper hereby acknowledges that said Section 9 does not apply to any aspect of the retention of Philip Gund as an employee of any of the Debtors.

Section 17 of the Agreement is hereby amended to substitute Stephen Cooper and Daniel Kerrigan for Philip Gund as the persons to whose attention notices to Zolfo Cooper should be directed.

The terms of this Amendment shall be effective on January 12, 2001. The Agreement, as amended hereby, shall remain in full force and effect on and after such date.

IN WITNESS WHEREOF, this Amendment to the Agreement has been executed by the parties as of the date first above written.

FAMILY GOLF CENTERS, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

ZOLFO COOPER MANAGEMENT, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_

ZOLFO COOPER, LLC

By: \_\_\_\_\_

Title: \_\_\_\_\_